In the Office Action, the Examiner noted that Claims 1-15, 24 and 28-33 are pending in the application, and that Claims 1-15, 24 and 28-33 are rejected. By this amendment, Claims 1-5, 7-11, 14, 15, 24 and 28-33 have been amended. Thus, Claims 1-15, 24 and 28-33 are pending in the application. The amendments to the claims do not add new matter to the application. The Examiner's rejections are traversed below.

Rejections Under 35 USC 102 and 103

Claims 1, 2, 4, 6, 9-11, 14, 15, 24, 28, 29, 32 and 33 stand rejected under 35 USC 102 as being anticipated by Kanamori. With regard to Claim 1, the rejection alleges that Kanamori teaches a main control unit 111 having programmable rules for determining the volume of first and second audio sources and the mode of the phone which determined the audio output.

Applicants respectfully assert that the mode of the phone (e.g., operating in a telephone communication mode or a music player mode) is not equivalent to the nature of the output device (e.g., headphone or speaker), as defined at page 18, lines 1-8, for audibly outputting the first and second audio signals. Furthermore, Kanamori only discloses adjusting the volume as a function of the source of the audio signals (e.g., telephone communication source or music player source).

As claimed in amended Claim 1, the assigning of priority levels is a function of both the source of the audio signals and the nature of the output device upon which the audio signals will be rendered. Accordingly, Claim 1 as amended is patentable over Kanamori.

Claims 2-13 and 31 are dependent upon independent Claim 1, and incorporate all the limitations therein. Hence, Claims 2-13 and 31 are patentable over Kanamori for the same reasons advance in support of Claim 1. Therefore, withdrawal of the rejection of Claims 1-13 and 31 is respectfully requested.

Regarding Claim 14, the rejection alleges that Kanamori discloses that the main control unit established a priority for the first and second audio sources based on their presence and output signals (which is based on the mode of the phone, the output signals being a ring tone or music or voice). The rejection also alleges that the ring tone has a higher priority than the music signal since the signal is lowered in volume or the ring tone is increased in volume so that the ring tone can be recognized by the user. The rejection further alleges that one of the audio sources is adjusted in level and the sources are combined in a mixer. However, Applicants respectfully assert that to the extent that Kanamori may teach or suggest establishing a priority for each possible pairing of a plurality of audio signals as a function of a source of each of said plurality of audio signals, Kanamori does not disclose adjusting a first and second one of the plurality of audio signals according to a nature of an output device utilized for rendering a resultant audible output signal and a first priority corresponding to the first and second one of the plurality of audio signals. Accordingly, Claim 14 as amended is patentable over Kanamori.

Claims 15, 32 and 33 are dependent upon independent Claim 14, and incorporate all the limitations therein. Hence, Claims 15, 32 and 33 are patentable over Kanamori for the same

reasons advance in support of Claim 14. Therefore, withdrawal of the rejection of Claims 14, 15, 32 and 33 is respectfully requested.

With regard to Claim 24, the rejection alleges that Kanamori discloses a main control unit that controls operation of the telephone device and inherently executed computer instructions which establish the priority between the audio sources as a function of the audio sources and a plurality of outputs and adjust the volume of the signals. Applicants respectfully disagree that Kanamori discloses "establish the priority between the audio sources as a function of the audio sources and a plurality of outputs and adjust the volume of the signals." Kanamori does not teach or suggest adjusting each audio signal as a function of a nature of an output device and a priority rule applicable to each pairing of the audio signals. Accordingly, Claim 24 as amended is patentable over Kanamori.

Claims 28-30 are dependent upon independent Claim 24, and incorporate all the limitations therein. Hence, Claims 28-30 are patentable over Kanamori for the same reasons advance in support of Claim 24. Therefore, withdrawal of the rejection of Claims 24 and 28-30 is respectfully requested.

## Conclusion

For all the reasons advanced above, Applicants respectfully submit that the present application is in condition for allowance and that action is earnestly solicited. The Examiner is

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Amdt. Dated October 22, 2004

Reply to Office Action of August 26, 2004

invited to contact Applicants' undersigned representative if the Examiner believes such action

would expedite resolution of the present Application.

The Commissioner is hereby authorized to charge any additional fees, which may be

required for this amendment, or credit any overpayment, to Deposit Account 23-0085. In the

event that an extension of time is required, or may be required in addition to that requested in a

petition for an extension of time, the Commissioner is requested to grant a petition for that

extension of time which is required to make this response timely and is hereby authorized to

charge any fee for such an extension of time or credit any overpayment for an extension of time

to Deposit Account 23-0085.

Respectfully submitted,

WAGNER, MURABITO & HAO, LLP

Dated: October 22, 2004

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